



**NORTH COUNTY FIRE
PROTECTION DISTRICT**
ADMINISTRATIVE SERVICES

TO: BOARD OF DIRECTORS
FROM: DEPUTY CHIEF MAROVICH
DATE: MAY 22, 2018
SUBJECT: CAL PERS LIABILITY

ACTION AGENDA

RECOMMENDATION:

Authorize Management to enter into a 10-year amortization pay schedule for the Miscellaneous Classic group regarding the unfunded actuarial liability (UAL).

BACKGROUND:

All full-time personnel of the fire department belong the Cal PERS retirement benefit plan. Currently, four groups exist; Safety Classic, Safety PEPRA, Miscellaneous Classic and Miscellaneous PEPRA. The department and employee both contribute the full required cost for the current plan. Any changes to assumption rates or poor return on investments for Cal PERS become a new charge under the “unfunded actuarial liability” (UAL). The UAL is factored in the formula for new money and is assigned before the pay formula is calculated. Essentially both the employer and employee share the cost.

DISCUSSION:

Cal PERS is offering an option to change the amortization calculation on paying the UAL costs. The miscellaneous classic UAL presents an opportunity to a fresh start over either a 15, 10 or 5-year window offering an overall savings to the District. See Attachment A.

FISCAL ANALYSIS:

Increase costs for the 2019/20 budget for the UAL will be approximately \$74,010, with a total savings of approximately \$1M over the current 30-year amortization schedule.

SUMMARY:

The 10-year amortization schedule requires an increase for the first year to approximately \$74,010, however, this will be paid with on-going revenue. The next six years has less than a 4% increase, which should be financially attainable.

Attachment A

Year	Balance	Payment	Balance	Payment	Balance	Payment	Balance	Payment
2019	2,854,823	280,043	2,854,823	641,549	2,854,823	354,053	2,854,823	259,592
2020	2,771,781	300,561	2,397,399	659,993	2,695,134	364,232	2,792,960	267,055
2021	2,661,469	321,847	1,887,711	678,968	2,513,327	374,704	2,718,884	274,733
2022	2,521,116	339,508	1,321,420	698,488	2,307,494	385,477	2,631,485	282,631
2023	2,352,297	349,225	693,858	718,570	2,075,582	396,559	2,529,570	290,757
2024	2,161,175	359,265			1,815,378	407,960	2,411,852	299,116
2025	1,945,800	207,756			1,524,503	419,689	2,276,941	307,716
2026	1,871,716	213,729			1,200,393	431,755	2,123,344	316,563
2027	1,786,074	219,874			840,290	444,168	1,949,450	325,664
2028	1,687,860	226,195			441,223	456,938	1,753,522	335,027
2029	1,575,978	232,698					1,533,694	344,659
2030	1,449,251	239,388					1,287,953	354,568
2031	1,306,408	246,271					1,014,133	364,761
2032	1,146,080	242,195					709,905	375,248
2033	978,351	237,681					372,761	386,037
2034	803,136	228,417						
2035	624,810	213,718						
2036	448,779	88,657						
2037	389,501	81,554						
2038	333,281	73,970						
2039	280,840	70,824						
2040	227,854	72,860						
2041	168,918	57,364						
2042	121,758	55,399						
2043	73,213	44,934						
2044	31,986	23,749						
2045	9,711	7,641						
2046	2,501	2,590						
2047	-	-						
2048	-	-						
Total Payments:		5,037,912		3,397,569		4,035,535		4,784,125
Total Interest Paid:		2,183,090		542,746		1,180,712		1,929,302
Difference from Current Schedule:				(1,640,344)		(1,002,378)		(253,787)
				5		10		15
		0		(1,640,344)		(1,002,378)		(253,787)